GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2674
ANSWERED ON:17.03.2017
Institutional Money Laundering
Patil Shri Bheemrao Baswanthrao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to curb institutional money laundering by shutting down dormant companies who carried out high-value transactions and deposited huge amounts of cash in banks following the demonetization and if so, the details thereof;
(b) whether the Central Board of Direct Taxes has prepared an integrated data bank of suspected shell companies and entry operators and is in the process of matching recent banking transactions with other suspect dormant companies; and
(c) if so, the details thereof and if not, the reasons therefor ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) The various aspects relating to money laundering are within the regulatory domain of various agencies such as Enforcement Directorate, Economic Offences Wings of the States, Income Tax authorities, etc. under their respective statutes. Ministry of Corporate Affairs has initiated action under section 248 of the Companies Act, 2013 for removing the names of the companies which are prima facie not carrying on any business or operation for a period of two immediately preceding financial years and meet certain other criteria as prescribed in the provisions of section 248 (1) (c) of the Companies Act, 2013 and the Rules framed thereunder. Enforcement Directorate has taken up investigations in certain cases against 'Shell companies' under the provisions of Prevention of Money Laundering Act (PMLA), 2002. The details of such cases cannot be provided at this stage, since the disclosure of the same may not be in public interest as the same may hamper the on-going investigations.

(b) & (c) The key function of the Income Tax Department (ITD) includes detection and prevention of tax evasion. The ITD maintains databases based upon information gathered through various sources including tax filings, information collected as per provisions of Income-tax Act, 1961 and Income-tax Rules, 1962 and information emanating out of investigations, assessments, etc. Action against entry operators and associated shell companies is an on-going process. Cases for e-verification of cash deposits made during the demonetization period i.e. 9th November to 30th December, 2016 under 'operation clean money' have been identified by matching the database on tax profiles of persons with the quantum of deposits made by them. As part of the initial phase, the ITD has sought online response as per pre-defined parameters on source(s) of case deposited by 17.92 lakh persons through its e-filing portal. Further disclosure of information in respect of specific persons is prohibited except as provided under section 138 of the Act.